



Special Executive Report

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EXCHANGE PROPOSES AMENDMENTS TO NYMEX RULE 932 SPECIFYING DAILY PRICE LIMITS FOR NYMEX COTTON FUTURES

Pending CFTC approval, the exchange plans to amend NYMEX rule 932 specifying daily price limits for NYMEX Cotton futures.

The NYMEX Cotton futures contract is cash settled with its daily and final settlement price set to the value of the corresponding ICE Cotton futures contract. Currently, the NYMEX Cotton futures contract has no daily price limits. However, ICE Cotton futures have a 3 cent per pound daily price limit, which is subject to expansion in certain circumstances. To maintain market consistency with the primary market, the Exchange has proposed that daily price limits, consistent with ICE Cotton futures, be applied to NYMEX Cotton futures.

Implementation is planned, pending CFTC approval, beginning with the March 2011 futures contract.

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Deletions [~~bracketed and struck through~~]; Additions **bolded** and underlined.

NYMEX Rulebook 932

932.05 Prices, Price Fluctuations, and Daily Price Limits

NYMEX Cotton Futures Contract bids and offers shall be quoted in increments of cents and hundredths of a cent per pound. The minimum price increment shall be one hundredth of a cent (\$.0001) per pound.

A 3 cent per pound daily trading limit for all months, subject to expansion as noted below.

An expanded daily trading limit of 4 cents per pound for all months on the business day after any two of the first five listed futures contracts that are subject to limits (or the one remaining futures delivery month in a crop year) close at the 3 cent limit bid or limit offer, provided that the limit reverts to 3 cents on the business day after no contract month closes at the 4 cent expanded limit bid or offer.

An expanded daily trading limit of 5 cents per pound on the business day after any two of the first five listed futures contracts that are subject to limits (or the one remaining futures delivery month in a crop year) close at the 4 cent limit bid or limit offer, provided that the limit reverts to 4 cents on the business day after no contract month closes at the 5 cent expanded limit bid or offer.

An additional expansion of the 3, 4 or 5 cent per pound daily price limit specified above by 1 cent per pound (to 4, 5 or 6 cents respectively) on any business day on which either of the two futures delivery months with the highest open interest settles at a price of 84 cents per pound or higher.

For the purposes of this Daily Price Limit Rule, a crop year is defined as beginning with the October delivery month and ending with the July delivery month of the next calendar year.